

# HOUSE BILL No. 1523

## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 4-30-16-3; IC 20-18-2-23; IC 20-26-12; IC 20-33-5; IC 20-40; IC 20-41; IC 20-43-2-3; IC 20-43-11.

**Synopsis:** School textbook funding. Expands the definition of "textbook" to include certain materials used in student instruction. Transfers and distributes \$70,000,000 annually from the administrative trust fund of the state lottery to the state textbook grant fund. Requires school corporations to establish a textbook fund and to use money from the fund to purchase textbooks. Appropriates an annual state textbook grant to each school corporation equal to: (1) \$83; multiplied by (2) the average daily membership of the school corporation. Requires the deposit of grant funds in a school corporation's textbook fund. Limits a student textbook rental fee to: (1) 25% of the total purchase price of the textbooks; minus (2) \$83. Makes conforming changes.

**Effective:** July 1, 2009.

**Goodin**

January 14, 2009, read first time and referred to Committee on Education.

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Introduced

First Regular Session 116th General Assembly (2009)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2008 Regular Session of the General Assembly.

## HOUSE BILL No. 1523

A BILL FOR AN ACT to amend the Indiana Code concerning education and to make an appropriation.

*Be it enacted by the General Assembly of the State of Indiana:*

1 SECTION 1. IC 4-30-16-3, AS AMENDED BY P.L.146-2008,  
2 SECTION 16, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
3 JULY 1, 2009]: Sec. 3. (a) The commission shall transfer the surplus  
4 revenue in the administrative trust fund as follows:

5 (1) Before the last business day of January, April, July, and  
6 October, the commission shall transfer to the treasurer of state, for  
7 deposit in the Indiana state teachers' retirement fund  
8 (IC 5-10.4-2), seven million five hundred thousand dollars  
9 (\$7,500,000). Notwithstanding any other law, including any  
10 appropriations law resulting from a budget bill (as defined in  
11 IC 4-12-1-2), the money transferred under this subdivision shall  
12 be set aside in the pension stabilization fund (IC 5-10.4-2-5) to be  
13 used as a credit against the unfunded accrued liability of the  
14 pre-1996 account (as defined in IC 5-10.4-1-12) of the Indiana  
15 state teachers' retirement fund. The money transferred is in  
16 addition to the appropriation needed to pay benefits for the state  
17 fiscal year.



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(2) Before the last business day of January, April, July, and October, the commission shall transfer seven million five hundred thousand dollars (\$7,500,000) of the surplus revenue to the treasurer of state for deposit in the pension relief fund (IC 5-10.3-11).

**(3) Before the last business day of January, April, July, and October, the commission shall transfer seventeen million five hundred thousand dollars (\$17,500,000) of the surplus revenue to the treasurer of state for deposit in the state textbook grant fund (IC 20-43-11).**

~~(3)~~ **(4)** The surplus revenue remaining in the fund on the last day of January, April, July, and October after the transfers under subdivisions (1) ~~and (2)~~ **through (3)** shall be transferred by the commission to the treasurer of state for deposit on that day in the build Indiana fund.

(b) The commission may make transfers to the treasurer of state more frequently than required by subsection (a). However, the number of transfers does not affect the amount that is required to be transferred for the purposes listed in subsection (a)(1) ~~and (a)(2)~~ **through (a)(3)**. Any amount transferred during the month in excess of the amount required to be transferred for the purposes listed in subsection (a)(1) ~~and (a)(2)~~ **through (a)(3)** shall be transferred to the build Indiana fund.

SECTION 2. IC 20-18-2-23, AS ADDED BY P.L.1-2005, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 23. "Textbook" ~~means~~ **includes the following:**

**(1)** Systematically organized material designed to provide a specific level of instruction in a subject matter category.

**(2)** Instructional materials that are used by students for more than one (1) school year, including materials used in special education and gifted and talented classes.

**(3)** Workbooks and consumable instructional materials that are used by students for not more than one (1) school year, including workbooks, consumable textbooks, and other consumable instructional materials that are used in special education and gifted and talented classes.

**(4)** Developmentally appropriate materials used:

**(A)** for instruction in kindergarten through grade 3, laboratories, and children's literature programs; and

**(B)** instead of items described in subdivisions (2) through (3).

SECTION 3. IC 20-26-12-1, AS ADDED BY P.L.1-2005, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE

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JULY 1, 2009]: Sec. 1. (a) Except as provided in subsections (b) and (c) and notwithstanding any other law, each governing body ~~shall~~ **may** purchase from a contracting publisher, at a price equal to or less than the net contract price, the textbooks adopted by the state board and selected by the proper local officials, and shall rent these textbooks to each student enrolled in a public school that is:

(1) in compliance with the minimum certification standards of the board; and

(2) located within the attendance unit served by the governing body.

(b) This section does not prohibit the purchase of textbooks at the option of a student or the providing of free textbooks by the governing body under sections 6 through 21 of this chapter.

(c) This section does not prohibit a governing body from suspending the operation of this section under a contract entered into under IC 20-26-15.

SECTION 4. IC 20-26-12-2, AS ADDED BY P.L.1-2005, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 2. (a) A governing body may purchase from a contracting publisher, at a price equal to or less than the net contract price, any textbook adopted by the state board and selected by the proper local officials. The governing body may rent these textbooks to students enrolled in any public or nonpublic school that is:

(1) in compliance with the minimum certification standards of the state board; and

(2) located within the attendance unit served by the governing body.

The **total** annual rental ~~rate~~ **amount charged to a student** may not exceed ~~twenty-five percent (25%) of the retail price of the textbooks.~~ **the amount determined under STEP FOUR of the following formula:**

**STEP ONE: Determine the sum of the purchase prices of the textbooks rented to the student.**

**STEP TWO: Multiply:**

(A) the STEP ONE result; by

(B) twenty-five hundredths (0.25).

**STEP THREE: Subtract:**

(A) eighty-three dollars (\$83); from

(B) the STEP TWO result.

**STEP FOUR: Determine the greater of the following:**

(A) The STEP THREE result.

(B) Zero (0).

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(b) Notwithstanding subsection (a), the governing body may not assess a rental fee of more than fifteen percent (15%) of the retail price of a textbook that has been:

- (1) adopted for usage by students under IC 20-20-5;
- (2) extended for usage by students under IC 20-20-5-2; and
- (3) paid for through rental fees previously collected.

(c) This section does not limit other laws.

SECTION 5. IC 20-26-12-14, AS ADDED BY P.L.1-2005, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 14. (a) This subsection applies to a school corporation described in section 13(1) of this chapter. The governing body shall make the first appropriation from the school corporation's general fund **to the school corporation's textbook fund** in August following the petition's filing. Not later than the school term following the first appropriation, the library must be established and textbooks must be loaned to resident students enrolled in the first five (5) grades of the elementary school. Not later than the second school term following the first appropriation, textbooks must be procured and loaned to resident students enrolled in the eight (8) grades of the elementary school.

(b) This subsection applies to a school corporation described in section 13(2) of this chapter. The governing body shall make the first appropriation from the school corporation's general fund **to the school corporation's textbook fund** in September following the petition's filing. Not later than the second school term following the first appropriation, the library must be established and textbooks of the library must be loaned to resident students enrolled in grade nine of the high school. During each following school term, textbooks must be procured and loaned to resident students for an additional high school grade, in addition to the earlier high school grades.

SECTION 6. IC 20-26-12-15, AS ADDED BY P.L.231-2005, SECTION 34, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 15. (a) A governing body shall requisition the necessary textbooks from the contracting publishers approved by the state board. The contracting publisher shall ship the textbooks to the governing body not more than ninety (90) days after the requisition. On receipt of the textbooks, the governing body's school corporation has custody of the textbooks. The governing body shall provide a receipt to the contracting publisher and reimburse the contracting publisher the amount owed by the school corporation from the school corporation's **general textbook fund**.

(b) A governing body shall purchase textbooks:

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(1) from a resident student who presents the textbooks for sale on or before the beginning of the school term in which the books are to be used;

(2) with money from the school corporation's ~~general~~ **textbook** fund; and

(3) at a price based on the original price to the school corporation minus a reasonable reduction for damage from usage.

SECTION 7. IC 20-26-12-18, AS ADDED BY P.L.1-2005, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 18. A governing body may provide a sufficient number of textbooks for sale to resident students at the price stipulated in the contracts under which the textbooks are supplied to the governing body's school corporation. Proceeds from sales under this section must be paid into the school corporation's ~~general~~ **textbook** fund.

SECTION 8. IC 20-26-12-22, AS ADDED BY P.L.1-2005, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 22. If a school corporation purchases textbooks on a time basis:

(1) the schedule for payments shall coincide with ~~student payments~~ **distributions under IC 20-43-11** to the school corporation for textbook rental; and

(2) the schedule must not require the school corporation to assume a greater burden than payment of twenty-five percent (25%) within thirty (30) days after the beginning of the school year immediately following delivery by the contracting publisher with the school corporation's promissory note evidencing the unpaid balance.

SECTION 9. IC 20-26-12-23, AS ADDED BY P.L.1-2005, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 23. (a) A school corporation may:

(1) borrow money to buy textbooks; and

(2) issue notes, maturing serially in not more than six (6) years and payable from its ~~general~~ **textbook** fund, to secure the loan.

However, when an adoption is made by the state board for less than six (6) years, the period for which the notes may be issued is limited to the period for which that adoption is effective.

(b) Notwithstanding subsection (a), a school township may not borrow money to purchase textbooks unless a petition requesting such an action and bearing the signatures of twenty-five percent (25%) of the resident taxpayers of the school township has been presented to and approved by the township trustee and township board.

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SECTION 10. IC 20-33-5-7, AS ADDED BY P.L.1-2005, SECTION 17, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 7. (a) If a determination is made that the applicant is eligible for assistance, the school corporation shall pay the cost of the student's required fees.

(b) A school corporation may receive a reimbursement from the department for some or all of the costs incurred by a school corporation during a school year in providing textbook assistance to students who are eligible under section 2 of this chapter, **but only to the extent that the school corporation's costs in providing textbook assistance to eligible students exceed the part of any textbook grants received by the school corporation under IC 20-43-11 during the school year for those eligible students.**

(c) To be guaranteed some level of reimbursement from the department, the governing body of a school corporation shall request the reimbursement before November 1 of a school year.

(d) In its request, the governing body shall certify to the department:

(1) the number of students who are enrolled in that school corporation and who are eligible for assistance under this chapter;

(2) the costs incurred by the school corporation in providing:

(A) textbooks (including textbooks used in special education and high ability classes) to these students;

(B) workbooks and consumable textbooks (including workbooks, consumable textbooks, and other consumable instructional materials that are used in special education and high ability classes) that are used by students for not more than one (1) school year; and

(C) instead of the purchase of textbooks, developmentally appropriate material for instruction in kindergarten through the grade 3 level, laboratories, and children's literature programs;

(3) that each textbook described in subdivision (2)(A) and included in the reimbursement request (except those textbooks used in special education classes and high ability classes) has been adopted by the state board under IC 20-20-5-1 through IC 20-20-5-4 or has been waived by the state board of education under IC 20-26-12-28;

(4) that the amount of reimbursement requested for each textbook under subdivision (3) does not exceed twenty percent (20%) of the costs incurred for the textbook, as provided in the textbook adoption list in each year of the adoption cycle;

(5) that the amount of reimbursement requested for each workbook or consumable textbook (or other consumable

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instructional material used in special education and high ability classes) under subdivision (2)(B), if applicable, does not exceed one hundred percent (100%) of the costs incurred for the workbook or consumable textbook (or other consumable instructional material used in special education and high ability classes);

(6) that the amount of reimbursement requested for each textbook used in special education and high ability classes is amortized for the number of years in which the textbook is used;

(7) that the amount of reimbursement requested for developmentally appropriate material is amortized for the number of years in which the material is used and does not exceed a total of one hundred percent (100%) of the costs incurred for the developmentally appropriate material; ~~and~~

**(8) the part of any textbook grants received by the school corporation under IC 20-43-11 during the school year for students counted under subdivision (1); and**

~~(8)~~ **(9)** any other information required by the department, including copies of purchase orders used to acquire consumable instructional materials used in special education and high ability classes and developmentally appropriate material.

(e) Each school within a school corporation shall maintain complete and accurate information concerning the number of students determined to be eligible for assistance under this chapter. This information shall be provided to the department upon request.

(f) If the amount of reimbursement requested before November 1 of a particular year exceeds the amount of money appropriated to the department for this purpose, the department shall proportionately reduce the amount of reimbursement to each school corporation.

(g) A school corporation may submit a supplemental reimbursement request under section 8 of this chapter. The school corporation is entitled to receive a supplemental reimbursement only if there are funds available. The department shall proportionately reduce the amount of supplemental reimbursement to each school corporation if the total amount requested exceeds the amount of money available to the department for this purpose. In the case of a supplemental reimbursement, the provisions in this section apply, except that section 8 of this chapter applies to the making of the supplemental request by the governing body of the school corporation.

(h) Parents receiving other governmental assistance or aid that considers educational needs in computing the entire amount of assistance granted may not be denied assistance if the applicant's total

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family income does not exceed the standards established by this chapter.

SECTION 11. IC 20-33-5-8, AS ADDED BY P.L.1-2005, SECTION 17, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 8. (a) The governing body of a school corporation may make a supplemental request for reimbursement from the department after April 1 but before May 1 of a school year for some or all of the additional costs incurred by the school corporation in providing textbook assistance to the number of additional eligible children who enroll in the school corporation after the initial request for reimbursement is filed under section 7(c) of this chapter.

(b) In its supplemental request, the governing body must certify to the department the following:

(1) The number of additional students who enroll in the school corporation as described in subsection (a).

(2) The additional costs incurred by the school corporation in providing the materials described in section 7(d)(2) of this chapter pertaining to the number of additional students.

(3) The same information as described in section 7(d)(3) through ~~7(d)(7)~~ **7(d)(8)** of this chapter as pertaining to the numbers of additional students.

(c) This section applies only if there are funds available. The supplemental distributions shall be made by the department in accordance with section 7(g) of this chapter.

SECTION 12. IC 20-40-9-7, AS ADDED BY P.L.2-2006, SECTION 163, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 7. (a) Money in the fund may be used for payment of all unreimbursed costs of textbooks for the school corporation's students who were eligible for free or reduced lunches in the previous school year.

(b) The governing body may transfer the amount levied to cover unreimbursed costs of textbooks under this section to the textbook rental fund. ~~or extracurricular account.~~

SECTION 13. IC 20-40-16 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]:

**Chapter 16. Textbook Fund**

**Sec. 1. As used in this chapter, "fund" refers to the textbook fund established under section 2 of this chapter.**

**Sec. 2. Each school corporation shall establish a textbook fund.**

**Sec. 3. Money in the fund may be used only for the following purposes:**

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(1) Paying interest and principal on loans obtained by the school corporation to purchase textbooks.

(2) Implementing IC 20-26-12, including the purchase, storage, distribution, or repair of textbooks.

Sec. 4. A school corporation shall deposit in the fund the following:

(1) Distributions under IC 20-43-11.

(2) Textbook rental fees received under IC 20-26-12.

(3) Receipts from sales of textbooks under IC 20-26-12.

(4) Other revenues designated for the fund.

Sec. 5. Money in the fund at the end of a school year or fiscal year does not revert to the school general fund.

SECTION 14. IC 20-41-1-2, AS ADDED BY P.L.2-2006, SECTION 164, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 2. Any self-supporting programs maintained by a school corporation, including

(1) school lunch, and

(2) rental or sale of textbooks;

may be established as separate funds, separate and apart from the general fund, if no local tax rate is established for the programs.

SECTION 15. IC 20-41-2-2, AS ADDED BY P.L.2-2006, SECTION 164, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 2. Each township trustee in operating a textbook rental program may use either of the following accounting methods:

(1) The township trustee may supervise and control the program through its school corporation account by establishing a textbook rental fund.

(2) If textbooks have not been purchased and financial commitments or guarantees for the purchases have not been made by the school corporation, the township trustee may have the program operated by the individual schools of the school corporation through the school corporation's ~~extracurricular account or accounts under IC 20-41-1-1.~~ **textbook fund.**

SECTION 16. IC 20-41-2-3, AS ADDED BY P.L.2-2006, SECTION 164, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 3. (a) If a school lunch fund is established under section 1 of this chapter, ~~or a textbook rental fund is established under section 2 of this chapter,~~ the receipts and expenditures for ~~each the school lunch~~ program shall be made to and from the **proper school lunch** fund without appropriation or the application of other laws relating to the budgets of local governmental

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units.

(b) If ~~either a school lunch program or both programs under sections 1 and 2 of this chapter are~~ is operated through the extracurricular account, the township trustee shall approve the amount of the bond of the treasurer of the extracurricular account in an amount the township trustee considers necessary to protect the account for all funds coming into the hands of the treasurer.

SECTION 17. IC 20-41-2-5, AS ADDED BY P.L.2-2006, SECTION 164, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 5. (a) ~~A governing body in operating a textbook rental program under IC 20-26-5-4(12) may use either of the following accounting methods:~~

(1) ~~The governing body may supervise and control the program through the school corporation account, establishing a textbook rental fund.~~

(2) ~~If textbooks have not been purchased and financial commitments or guarantees for the purchases have not been made by the school corporation, the governing body may cause the program to be operated by the individual schools of the school corporation through the school corporation's extracurricular account or accounts in accordance with IC 20-41-1.~~

(b) ~~If the governing body determines that a hardship exists due to the inability of a student's family to purchase or rent textbooks, taking into consideration the income of the family and the demands on the family, the governing body may furnish textbooks to the student without charge, without reference to the application of any other statute or rule except IC 20-26-1 through IC 20-26-5, IC 20-26-7, IC 20-40-12, and IC 20-48-1.~~

SECTION 18. IC 20-41-2-6, AS ADDED BY P.L.2-2006, SECTION 164, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 6. (a) ~~If a school lunch fund is established under section 4 of this chapter, and a textbook rental fund is established under section 5 of this chapter, the receipts and expenditures from a the fund for the lunch program to which the fund relates shall be made to and from the fund without appropriation or the application of other statutes and rules relating to the budgets of municipal corporations.~~

(b) ~~If either the lunch program or textbook rental program is handled through the extracurricular account, the governing body of the school corporation shall approve the amount of the bond of the treasurer of the extracurricular account in an amount the governing body considers sufficient to protect the account for all funds coming~~

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into the hands of the treasurer of the account.

SECTION 19. IC 20-43-2-3, AS AMENDED BY P.L.3-2008, SECTION 122, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 3. If the total amount to be distributed:

- (1) as basic tuition support;
- (2) for academic honors diploma awards;
- (3) for primetime distributions;
- (4) for special education grants; ~~and~~
- (5) for career and technical education grants; **and**
- (6) for textbook grants;**

for a particular year exceeds the maximum state distribution for a calendar year, the amount to be distributed for state tuition support under this article to each school corporation during each of the last six (6) months of the year shall be proportionately reduced so that the total reductions equal the amount of the excess.

SECTION 20. IC 20-43-11 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]:

#### **Chapter 11. Textbook Grants**

**Sec. 1. As used in this chapter, "fund" refers to the state textbook grant fund established by section 3 of this chapter.**

**Sec. 2. As used in this chapter, "textbook fund" refers to a textbook fund established under IC 20-40-16-2.**

**Sec. 3. (a) The state textbook grant fund is established to provide money for the annual textbook grants provided under this chapter. The fund shall be administered by the department. The fund consists of the following:**

- (1) Transfers made from the administrative trust fund under IC 4-30-16-3(a)(3).**
- (2) Any appropriations to the fund.**

**(b) The treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public money may be invested.**

**(c) Money in the fund at the end of a state fiscal year does not revert to the state general fund. Money in the fund is appropriated to carry out the purposes of the fund.**

**Sec. 4. A school corporation's textbook grant for a calendar year is the amount equal to:**

- (1) the school corporation's ADM for the calendar year; multiplied by**
- (2) eighty-three dollars (\$83).**

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1       **Sec. 5. A textbook grant under this chapter shall be distributed**  
 2       **monthly in twelve (12) equal installments.**

3       **Sec. 6. A school corporation shall deposit the money received**  
 4       **from the textbook grant under this chapter in the school**  
 5       **corporation's textbook fund to use only for the purposes specified**  
 6       **in IC 20-40-16-3.**

7       **Sec. 7. The amount necessary to provide textbook grants under**  
 8       **this chapter is annually appropriated from the fund and, as**  
 9       **needed, from the state general fund.**

10       **SECTION 21. [EFFECTIVE JULY 1, 2009] (a) On July 1, 2009,**  
 11       **a school corporation shall transfer any unencumbered money in**  
 12       **any fund or account used for textbook rental fees to the textbook**  
 13       **fund established by the school corporation under IC 20-40-16-2, as**  
 14       **added by this act. The money transferred under this SECTION**  
 15       **may be used for any purpose for which other money in the school**  
 16       **corporation's textbook fund may be used.**

17       **(b) Notwithstanding IC 20-43-11-4, as added by this act, a school**  
 18       **corporation is entitled in 2009 to only fifty percent (50%) of the**  
 19       **amount of the textbook grant specified in IC 20-43-11-4, as added**  
 20       **by this act, to be distributed in six (6) monthly installments.**

21       **(c) This SECTION expires January 1, 2010.**

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